# COMMUNITY FINANCE DISTRICT (CFD) FAQs

#### 1. What is a Community Finance District (CFD)?

A Community Facilities District is a method of financing public improvements and services where no other source of funding is available. A CFD may be established by any County, City, Special District or Joint Powers Authority, pursuant to California Government Code §53311-53368.3 (The Mello-Roos Community Facilities Act of 1982).

#### 2. How is a CFD formed?

A CFD may be initiated by a sponsoring local government agency or by the request of property owners. All properties that would benefit from improvements or services may be included within the CFD boundaries. An affirmative vote of at least two-thirds of the residents or land owners is required to establish the CFD. In some cases, the CFD boundaries may include only those parcels of a single owner or developer.

## 3. How are charges determined?

At the time of CFD formation, a formula is agreed upon to calculate the special tax for each parcel. Considerations may include the size of the property, property characteristics (such as the use of the property), and square footage of existing structures.

#### 4. How often are the special taxes levied?

The Special Tax Lien is assessed for all parcels within the boundaries of the CFD on an annual basis.

## 5. How long is the Special Tax Lien in effect?

The Special Tax Lien may be limited to the amount of time required to pay off a bond, in the case of financing capital improvements. If continued services are being financed, the Special Tax Lien may continue indefinitely or until an alternative funding source is identified.

## 6. What is proposed for the Sunset Industrial Area?

The formation of a CFD has been proposed to fund enhanced fire protection services within the Sunset Industrial Area (SIA). The special tax would only apply to newly developing properties within the SIA; existing development would not be affected. Amendments to goals and policies of the Sunset Industrial Area Plan are being considered that would require the formation of a CFD with the next discretionary project. Subsequent new development would then annex into the CFD prior to the issuance of an occupancy permit.